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Weekly Contributions

ORE, CIA

7 February 1950

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CURRENT DEVELOPMENTS

GENERAL: Additional ratifications of the OAS Charter, expected soon, should stimulate action by other American republics (p. 2).

NORTHERN AREA: In Mexico, the government's handling of the taxi-drivers' strike may make future control of labor more difficult (p. 2). In Martinique, termination of ECA flour shipments will result in Communist agitation and increased popular discontent (p. 3). In Guatemala, the pro-Communist CTAL has made a gain in labor (p. 3).

CENTRAL AREA: In Colombia, Liberal Party collaboration with Conservatives now appears possible (p. 3).

SOUTHERN AREA: In Argentina, recent favorable developments do not necessarily mark any basic change in Perón's attitude toward the US (p. 4). Peru's payments on US commercial debts will be postponed (p. 4).

SPECIAL SUBJECTS

The Current Situation in Cuba . . . . . 5

State Dept. review completed

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1. **GENERAL: Additional Ratifications of OAS Charter Expected Soon**  
 Since only three American republics have ratified the Charter of the Organization of American States (OAS) up to the present, it is significant that several Latin American nations are now either completing ratification or are about to initiate this process. Brazil and Honduras are expected shortly to deposit their instruments of ratification with the Pan American Union, which would bring the total number of ratifying states to five; Colombia has completed the first steps toward ratification; most of the other Latin American countries plan to present the Charter to the next session of their respective legislatures. Inasmuch as the OAS has been functioning only on a provisional basis since 1948, each actual ratification of the fundamental document of the OAS strengthens the inter-American system. Ratification by most of the major American republics, particularly by the US, would probably stimulate others to take similar action.

2. **MEXICO: Taxi Drivers' Strike**

The recent strike in Mexico City of Club Unico de Choferes del Distrito Federal, affiliate of Lombardo Toledano's Communist-oriented UGOCM, illustrates

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the manner in which Communist agitators take advantage of legitimate grievances to further their own ends. The drivers of both Club Unico and the government-sponsored CTM had been protesting the same grievances, including the high price of gasoline and the issuance of an excessive number of cab licenses, and the strike settlement by the government was made in favor of the taxi drivers. However, the police had previously used tear gas and arms in breaking up an assembly of the strikers (with 2 killed, 22 wounded, and over 300 jailed) and had taken over by force the offices of all related unions. Such action resulted in public protests against the use of violence by the police, with countercharges that the driver's strike was a Communist maneuver. While it is granted that the UGOCM as well as other pro-Communist groups took advantage of the situation by inciting the strikers and later claiming public sympathy, labeling the strike as merely a Communist maneuver would be misleading in view of both the legitimate grievances involved and the fact that over 2000 chauffeurs of Club Unico prior to striking led a pilgrimage to the Shrine of Guadalupe.

While Communism made no notable gains from the event, the unfortunate police methods have brought public criticism on the government. Future repetitions of such measures may jeopardize the government's ability to keep labor in line.

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3. MARTINIQUE: Possible Agitation Over Increased Cost of Bread

A 40 percent rise in the cost of bread, which appears inevitable by the end of March, may provide the Communists with the means of stirring up considerable popular discontent. The present low cost of bread cannot continue because currently substantial ECA flour shipments to the area will be terminated shortly and because local bread subsidization funds soon will be exhausted. The local government will probably try to mitigate popular dissatisfaction by postponing the rise in the price of bread until after the metropolitan French government has increased the minimum wage under the new collective bargaining law presently being enacted. [ ] estimates, however, that the Communists can be relied on to make a political issue out of the situation and will probably attack the US for having stopped ECA flour shipments.

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4. GUATEMALA: Communists Gain in Labor

The recent action of the leftist Federación Sindical de Guatemala (FSG) in deciding to affiliate with the CTAL places the majority of Guatemalan workers within this pro-Communist labor confederation led by Lombardo Toledano. (Guatemala's other major labor syndicate, the CTG, has long been a CTAL affiliate.) The decision of FSG to join the CTAL was probably designed to unify the forces of labor in the coming presidential campaign and possibly to secure aid from the pro-Communist CTAL.

[ ] estimates that the election of a leftist successor to Arévalo, (whose term expires in March 1951), who would continue to tolerate Communists as Arévalo has done, is the most important immediate Communist objective with respect to Guatemala. Continued tolerance of Communists in Guatemala — the country of middle America most friendly to them — would help to maintain at least some Communist influence in other countries of that area.

5. COLOMBIA: Liberal Collaboration With Conservatives Possible

The Liberal ex-president Alfonso López' political pronouncement on 27 January may well be a trial balloon sent up in collusion with Conservative President-elect Laureano Gómez in order to determine whether López can carry the Liberal Party with him on a policy of constructive criticism in return for the lifting of the state of siege.

The López statement, which analyzes political relations between the Liberal and Conservative parties, is the first important Liberal pronouncement which the government has allowed to be published since the declaration of the state of siege. Criticism of the Conservatives is sufficiently violent to safeguard López from charges of having gone over to the opposition. López points out, however, that he considers collaboration between the parties necessary to peace, at the same time warning against collaboration by only a segment of the Liberal Party.

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The Liberal Party directorate has become discredited to some extent  Despite continued rumors of subversive plans of Liberal elements in the army, the two months since the presidential election have shown that civilian Liberals are not willing to engage in civil war. Hence, López may now be able to secure Liberal acceptance of his leadership. The Conservative administration, on the other hand, has shown its determination to maintain the state of siege (and the concomitant suspension of Congress) as long as the Liberals continue in their intransigent attitude.

It is possible that, when both parties have weighed the disadvantages of their respective positions, the Conservatives may offer, and the Liberals, under López' leadership, may accept an exchange of Liberal "constructive opposition" for termination of the state of siege --- a development which would be favorable to the US interest in stability and democracy in Colombia.

6. ARGENTINA: Indications of Bid for US Assistance

A recent modification in YPF's (State Oilfields Administration) usually antipathetic attitude toward the US petroleum companies appears to be a move by Perón to ease the adverse situation for US business in Argentina --- which thus far has been a deterrent to improved US-Argentine economic relations. YPF's recent approval of certain sterling purchases of crude, gasoline, and other supplies by the US companies marks a reversal of its formerly negative reaction to their urgent requests for supplies. Since this change in attitude immediately followed a discussion between US Ambassador Griffis and President Perón concerning petroleum and other problems adversely affecting US-Argentine economic relations, particularly those that could be relieved without use of dollar exchange, it suggests that Perón may take action on additional commercial problems to encourage US collaboration and possible financial assistance. Such a concession, however, cannot be interpreted as indicating any fundamental improvement in Perón's position vis à vis the US  Wkly, 20 Dec 49).

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7. PERU: Payment of US Commercial Debts Postponed

A recent decree distributing the profits from the revaluation of gold and foreign exchange holdings of the Central Bank, in effect, makes funds available to pay Argentina --- rather than to pay US commercial arrearages as the Klein commission had recommended. The fact that the government has disregarded a large debt to the US in favor of a relatively small current debt to Argentina will adversely affect US-Peruvian commercial relations and is the first indication that the present Peruvian regime may be less pro-US than previously appeared.

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### The Current Situation in Cuba

(Summary — The Prío administration remains strong. The economic outlook is somewhat more favorable. Despite losses during the past year, the Communists retain considerable influence in Cuba. The armed forces are, as a whole, loyal to the administration and are strong enough to maintain the authority of the state under ordinary circumstances. Military officials have taken a serious view of recent events in the Caribbean and are planning to improve Cuba's air potential. Cuba's foreign policy remains unchanged.

— US security interests are not seriously affected by domestic developments in Cuba but the recent reports that Trujillo is plotting against Prío, coupled with the almost universal antagonism to Trujillo in Cuba, contribute to the long standing ill-feeling and suspicion between the two countries.)

#### Political

The Prío administration remains strong. A recent change of cabinet will not alter the situation. It is true that there is widespread disapproval of Prío due to such factors as his weak leadership; his tolerance of gang killings; mediocre government officials; mismanagement of public funds; and his nepotism. Moreover, the alliance between the President's party (Auténtico) and the Republican Party is, in effect, broken. Nevertheless, the Auténticos have fairly strong support from the Democrats and Liberals; the registered voting strength of the Auténtico Party has increased in the past year (the spoils system tends to insure this); and the army's loyalty will tend to render ineffective any plotting  Wkly, 10 Jan 50) against the administration in the immediate future. Therefore,  estimates that President Prío's administration will remain strong during coming months and that the Auténtico Party and its allies have a good chance to win the congressional and municipal elections of June 1950.

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#### Economic

The economic outlook is somewhat more favorable. It is true that adverse factors still persist. Many Cuban industries continue to suffer economic reverses and a radical improvement in this respect is unlikely; labor troubles are frequent; business interests oppose the government's equivocal and pro-labor economic policies; and wealthy Cuban investors, fearing to invest money in Cuba, continue to send it abroad. Also, government revenues for 1949 were about 20 percent below those for 1948; the mismanagement of public funds continues; and it is possible that government efforts to obtain a foreign loan will fail. It is encouraging, however, that there are fairly good prospects for the sale of most of the 1950 sugar crop at favorable prices, and retail trade, the building trades,

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and some secondary industries may be expected to be fairly prosperous in coming months. Therefore, it is estimated Cuba will continue to be in a moderately sound economic position for some time, and that adverse economic factors in themselves will not seriously affect the political stability of the country.

#### Subversive

The Communists retain considerable influence in Cuba. It is true that they have lost some political strength and labor influence during the past year. The Communist Party (PSP), however, is still an important opposition element to the Auténticos and has significant influence among sectors of the labor movement, including the port and transport workers. In addition, Communist propaganda continues to be fairly efficient and Communist leaders have considerable local influence and prestige. It is estimated that there will be no substantial decline in the present Communist potential in Cuba in coming months.

Two revolutionary gangs, the MSR and UIR, were declared illegal by the Urgency Court in November, but the gangs continue to have support from important official sources and it is estimated that they will continue to constitute a considerable political factor with possible influence on governmental stability.

#### Military

The armed forces are, as a whole, loyal to the administration and are strong enough to maintain the authority of the state under ordinary circumstances. It is true that there appears to be some discontent and a feeling of insecurity among some of the army officers, and the possibility that a few are plotting a coup cannot be entirely discounted. However, the Prío government can be expected to invoke measures designed to insure army loyalty.

Military officials have taken a serious view of recent events in the Caribbean and are planning to improve Cuba's air potential. Air corps training has been intensified, all aircraft are to be put in operational condition, and the air corps wishes to buy radar equipment for defense and to buy new heavy bombers and new-type US fighters. As of 7 October, only 23 out of 67 Cuban military aircraft, including naval, were in operational condition and the Cubans possessed only 8 tactical aircraft (none in operational condition) while the Dominican Republic had 24 tactical aircraft, 11 in operational condition. It is estimated that Cuban concern over preparations for defense will continue as long as reports are circulated that Trujillo is plotting the overthrow of the Prío government (See International).

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International

Cuba's foreign policy remains in general unchanged.

The Cuban government supports the US as against the USSR in international matters but economic relations between Cuba and the US remain difficult. Bilateral discussions will be held shortly on matters about which agreement had previously been impossible, including the proposed Cuban tariff increase on imports of US textiles, and radio broadcasting problems. It is estimated that there will be no substantial change in Cuba's attitude vis à vis the US regarding economic problems in the immediate future.

The Caribbean Legion continues to use Cuba as one of its headquarters, but activities in Cuba against the Dominican Republic are chiefly in the form of propaganda at present. The Cuban government stoutly affirms its right to give asylum to exiles but is apparently giving little aid to the Legion.

Cuban policy toward the Dominican Republic remains unchanged, and the almost universal public antagonism to Trujillo continues. Relations between the two countries are somewhat less inflammable than a few weeks ago as a result of the present OAS investigation of the Caribbean situation. However, there are frequent reports in Cuba that Trujillo is actively plotting the overthrow of the Prío government, and that government is taking a serious view of Trujillo's possible menace to Cuba and to the inter-American system. The Cubans will, of course, continue to regard the Trujillo dictatorship as dangerous;  estimates that the Cuban government will try, nevertheless, to adhere to established inter-American principles in its relations with the Dominican Republic.

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